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SUBJECT: AZERBAIJAN: 2008 SPECIAL 301 REPORT SUBMISSION

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¶1. (U) Based on the GOAJ's endeavors to improve intellectual property rights (IPR) legislation, enforcement, and human capacity in 2007, and the lack of nominations and complaints from the private sector, Embassy Baku recommends that Azerbaijan remain off the Special 301 Watch List in 2008. Building on their efforts in 2007 (reftel B), in early 2008, the GOAJ continued to fund GOAJ employees' travel to the United States for U.S. Patent and Trademark Office (USPTO) training, submitted additional IPR legislative drafts to the World Trade Organization (WTO) and U.S. Trade Representative (USTR) for review, continued efforts to improve IPR enforcement, and have committed to host one local and one international IPR conference in the spring.

¶2. (U) American companies operating in Azerbaijan like Coca-Cola, Proctor and Gamble, and SilverKey confirmed that it is increasingly difficult to find counterfeit products in Azerbaijan, although some counterfeit software and optical media is still easily purchased in some locations in Baku. (Note: The owner of Azerbaijan's two largest optical media chain stores requested Embassy assistance to purchase licensed media. Despite his attempts to reach out to companies, many remain unresponsive because of Azerbaijan's relatively small market.) Some U.S. and foreign companies credit specific GOAJ agencies for improving enforcement; however, others assert that while the GOAJ is increasingly aware of IPR, official efforts are motivated by corruption rather than respect for IPR, and legitimate efforts are limited by lack of understanding, lack of capacity and lack of IPR public education.

Understanding and Benefiting from IPR

¶3. (SBU) Azerbaijan's Copyright Agency, which is responsible for drafting much of Azerbaijan's new IPR legislation aimed at strengthening administrative, civil law and court procedures to improve IPR in Azerbaijan, is attempting to play an international role by addressing what it alleges is an violation of musical copyright based on a CD produced in the U.S. and labeled as "Armenian" rather than "Azerbaijani." Since appeals to the World Intellectual Property Organization (WIPO) have gone unanswered, the Copyright Agency corresponded with the Embassy about the case, and later announced to the media that it intends to pursue a civil law suit in the U.S. as the USG recommended. (Comment: While the GOAJ's primary goal in filing this suit likely was related to the ongoing Nagorno Karabakh conflict, the agency's press announcement highlighted for the general

public the importance and benefits of IPR.)

Comment

14. (U) Azerbaijan has contributed resources and taken steps towards improving the IPR situation in the country. In 2008, the Embassy will continue to monitor passage into law of the IPR draft legislation, enforcement efforts, and public awareness events. The GOAJ has requested training from U.S. IPR experts to be hosted in Azerbaijan to reach a wider audience, including both officials and the public. The Embassy would welcome and support a USG-sponsored and locally-hosted training seminar.

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